

## LEASE AGREEMENT

THIS LEASE, entered into between: KRS Perimeter Park West, Inc. whose address is: Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky, hereinafter called the "Lessor", and Kentucky Retirement Systems, hereinafter referred to as the "Systems";

WITNESSETH, that for the consideration hereinafter mentioned, the parties hereto agree as follows:

1a. The Lessor hereby leases to the Systems and agrees to keep in quiet and peaceful possession the following described premises with appurtenances; property located at 1260, 1264, and 1270 Louisville Road, Frankfort, Kentucky in the County of Franklin.

1b. Said premises, consisting of 85,357 square feet, are to be rented at the cost of:

\$12.15 per square foot for fiscal year July 1, 2007 to June 30, 2008  
\$12.36 per square foot for fiscal year July 1, 2008 to June 30, 2009  
\$12.58 per square foot for fiscal year July 1, 2009 to June 30, 2010  
\$12.80 per square foot for fiscal year July 1, 2010 to June 30, 2011  
\$13.02 per square foot for fiscal year July 1, 2011 to June 30, 2012  
\$13.25 per square foot for fiscal year July 1, 2012 to June 30, 2013

The space will be used as office space.

2. The Systems agrees to pay rent to the Lessor for the leased premises at the rate of:

\$1,037,088 for fiscal year July 1, 2007 to June 30, 2008, by monthly payment of \$86,424  
\$1,055,237 for fiscal year July 1, 2008 to June 30, 2009, by monthly payment of \$87,937  
\$1,073,703 for fiscal year July 1, 2009 to June 30, 2010, by monthly payment of \$89,476  
\$1,092,493 for fiscal year July 1, 2010 to June 30, 2011, by monthly payment of \$91,041  
\$1,111,612 for fiscal year July 1, 2011 to June 30, 2012, by monthly payment of \$92,635  
\$1,131,065 for fiscal year July 1, 2012 to June 30, 2013, by monthly payment of \$94,256

The Lessor shall provide the Systems with janitorial services and with 301 parking spaces.

3. Subject to the limitations imposed by law and as provided in paragraphs 5 and 6 of this Lease, the term during which the Lease shall begin is July 1, 2007, and end June 30, 2013.

4. The Systems shall have the further right to terminate this Lease at any time upon 60 days written notice, time to be computed from the date of mailing notice; termination under this paragraph shall not be considered effective until the last day of the month in which the notice period ends.

5. The Systems agrees not to assign this Lease or to sublet the premises except to a desirable tenant and for a similar purpose and will not permit the use of the premises by anyone other than the Commonwealth of Kentucky, the Federal Government, or such sub-lessee, and the agents and servants of the Commonwealth of Kentucky, the Federal Government, or such sub-lessee.

6. The Systems shall have the right during the existence of this Lease to make alterations, attach fixtures and erect additional structures or signs in or upon the leased premises, provided such alterations, additions, structures or signs shall not be detrimental to or inconsistent with rights granted to other tenants on the property or in the building in which the premises are located. Fixtures, additions, structures or signs placed in or upon or attached to the premises shall remain the Systems' property and may be removed by it prior to the termination of this lease. Any such fixtures, additions, structures or signs placed in or upon or attached to the

premises by the Lessor at the request of the Systems shall be the property of the Lessor and shall remain after the termination of the lease.

7. Unless otherwise specified, the Lessor shall maintain the premises in good repair and tenantable condition, including heating and/or air conditioning equipment except in case of damage arising from the negligent acts of the Systems' agents or employees. For the purpose of maintaining the premises and to make necessary repairs, the Lessor reserves the right to enter and inspect the premises at reasonable times.

8. The Systems agrees to take good care of the premises and to return them at the expiration of their Lease in as good order as received, ordinary wear and tear and natural decay excepted.

9. The Lessor shall be responsible for procuring and continuously maintaining casualty and liability insurance on the leased premises.

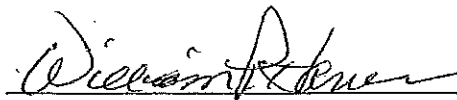
10. If the premises are destroyed by fire or other casualty, this Lease shall immediately terminate. In case of partial destruction or damage so as to render the premises untenable, the Systems may terminate or suspend this Lease by giving written notice to the Lessor within 15 days after such partial destruction or damage, and, if so suspended, no rent shall accrue to the Lessor after the date of such partial destruction or damage until such damage is repaired and premises are considered tenantable.

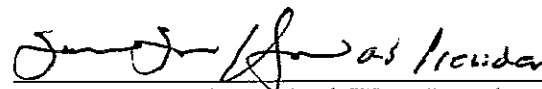
11. It is agreed by the parties hereto that if any one of the provisions of this Lease shall contravene or be invalid under the laws of the Commonwealth of Kentucky, such contravention or invalidity shall not invalidate the whole Lease, but it shall be construed as if not containing that particular provision or provisions, and the rights and obligations of the parties shall be construed accordingly.

12. The Lessor certifies by the signature of its agent hereinafter affixed that it is legally entitled to enter into contracts with the Commonwealth of Kentucky and that by holding and performing this contract will not be violating either any conflict of interest statute (KRS 45A.330 - 45A.340 or 45A.990) of the Executive Branch Code of Ethics, KRS Chapter 11A, or any other applicable statute or principle by the performance of this Lease, or will realize any unlawful benefit or gain directly from it. The Lessor further certifies that it has not knowingly violated any provision of the campaign finance law of the Commonwealth of Kentucky and that by entering into this Lease Agreement it will not be in violation of the campaign finance laws of the Commonwealth of Kentucky.

13. The Lessor shall comply with all standards set by the Department of Housing, Buildings and Construction, Division of Building Codes Enforcement, and that of the Kentucky Occupational Safety and Health Standards Board and the Americans with Disability Act (ADA).

IN WITNESS WHEREOF, the parties hereto have subscribed their names:

  
Lessee, Kentucky Retirement Systems, date  
William P. Hanes  
Executive Director

  
Lessor, KRS Perimeter Park West, Inc., date  
Susan S. Horne  
President *Perimeter Park West*